

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

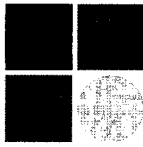
Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2011

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 314 Brewster, Kansas
Brewster, Kansas

We have audited the accompanying financial statements of **Unified School District No. 314 Brewster, Kansas**, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 314 Brewster, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **Unified School District No. 314 Brewster, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 314 Brewster, Kansas**, as of June 30, 2011, or the changes in its financial position for the year then ended. Further, **Unified School District No. 314 Brewster, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 314 Brewster, Kansas**, as of June 30, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chtd

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

August 15, 2011

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2011

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|---|---|---|------------------|--------------|--|---|------------------------|
| Governmental Fund Categories | | | | | | | |
| General Funds | | | | | | | |
| General Fund | \$ (50,808) | - | 990,298 | 1,035,402 | (95,912) | - | (95,912) |
| Supplemental General Fund | 165,727 | 24 | 210,260 | 272,618 | 103,393 | 48 | 103,441 |
| Special Revenue Funds | | | | | | | |
| At Risk Fund (K-12) | 61,568 | - | 270,640 | 262,900 | 69,308 | - | 69,308 |
| Bilingual Fund | - | - | 4,271 | 4,271 | - | - | - |
| Capital Outlay Fund | 204,576 | - | 82,491 | 81,141 | 205,926 | 11,057 | 216,983 |
| Driver Training Fund | 14,316 | - | 814 | 2,523 | 12,607 | - | 12,607 |
| Food Service Fund | 18,780 | - | 62,653 | 61,075 | 20,358 | - | 20,358 |
| Professional Development Fund | 13,425 | - | - | 2,328 | 11,097 | - | 11,097 |
| Special Education Fund | 116,594 | - | 185,301 | 155,611 | 146,284 | - | 146,284 |
| KPERS Special Retirement Contribution Fund | - | - | 40,240 | 40,240 | - | - | - |
| Contingency Reserve Fund | 109,384 | - | - | - | 109,384 | - | 109,384 |
| Student Materials Revolving Fund | 15,058 | - | 3,061 | 2,145 | 15,974 | - | 15,974 |
| Recreation Fund | 5,292 | - | 10,574 | 10,000 | 5,866 | - | 5,866 |
| Title I Low Income Fund | - | - | 14,315 | 14,315 | - | - | - |
| Title II Education Technology Fund | - | - | 48 | 48 | - | - | - |
| Improving Teacher Quality Fund | - | - | 4,858 | 4,858 | - | - | - |
| REAP Grant Fund | - | - | 23,362 | 23,362 | - | - | - |
| Gift Fund | 19,523 | - | 10,932 | 9,953 | 20,502 | - | 20,502 |
| District Activity Funds | 13,831 | - | 22,974 | 21,690 | 15,115 | - | 15,115 |
| Total Primary Government | 707,266 | 24 | 1,937,092 | 2,004,480 | 639,902 | 11,105 | 651,007 |
| Component Unit | | | | | | | |
| Brewster Recreation Commission | 35,626 | - | 11,160 | 17,315 | 29,471 | - | 29,471 |
| Total Reporting Entity (Excluding Agency Funds) | \$ 742,892 | 24 | 1,948,252 | 2,021,795 | 669,373 | 11,105 | 680,478 |
| Composition of Cash | | | | | | | |
| Checking Accounts | | | | | | | \$ 19,208 |
| Savings Account | | | | | | | 650,000 |
| Petty Cash Account | | | | | | | 1,500 |
| Total Primary Government | | | | | | | 670,708 |
| Total Component Unit | | | | | | | 29,471 |
| Agency Funds per Statement 4 | | | | | | | (19,701) |
| Total Reporting Entity (Excluding Agency Funds) | | | | | | | \$ 680,478 |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2011

| Funds | Certified Budget | Adjustment to Comply with Legal Max | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance Over (Under) |
|--|---------------------|---|--|-----------------------------------|---|-----------------------------|
| Governmental Fund Categories | | | | | | |
| General Funds | | | | | | |
| General Fund | \$ 1,024,407 | (2,362) | 13,357 | 1,035,402 | 1,035,402 | - |
| Supplemental General Fund | 327,983 | - | - | 327,983 | 272,618 | (55,365) |
| Special Revenue Funds | | | | | | |
| At Risk Fund (K-12) | 275,000 | - | - | 275,000 | 262,900 | (12,100) |
| Bilingual Fund | 5,000 | - | - | 5,000 | 4,271 | (729) |
| Capital Outlay Fund | 254,996 | - | - | 254,996 | 81,141 | (173,855) |
| Driver Training Fund | 8,750 | - | - | 8,750 | 2,523 | (6,227) |
| Food Service Fund | 80,883 | - | - | 80,883 | 61,075 | (19,808) |
| Professional Development Fund | 18,426 | - | - | 18,426 | 2,328 | (16,098) |
| Special Education Fund | 278,638 | - | - | 278,638 | 155,611 | (123,027) |
| Gifts and Grants Fund | 19,523 | - | - | 19,523 | 9,953 | (9,570) |
| KPERS Special Retirement Contribution Fund | 53,175 | - | - | 53,175 | 40,240 | (12,935) |
| Recreation Fund | 10,000 | - | - | 10,000 | 10,000 | - |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over Under |
|--|-------------------------|------------------|------------------|---------------------------|
| | | Actual | Budget | (Under) |
| Cash Receipts | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Tax | \$ 193,209 | 176,679 | 170,414 | 6,265 |
| Delinquent Tax | 3,295 | 1,143 | 2,639 | (1,496) |
| Intergovernmental Revenue | | | | |
| Mineral Severance Tax | 434 | 1,100 | - | 1,100 |
| Equalization Aid | 639,391 | 637,889 | 719,995 | (82,106) |
| Special Ed Aid | 106,072 | 111,121 | 111,182 | (61) |
| Federal Aid | - | 31,194 | - | 31,194 |
| Federal Aid - ARRA | 48,543 | 17,815 | 17,815 | - |
| Miscellaneous | 6,462 | 13,357 | - | 13,357 |
| Total Cash Receipts | 997,406 | 990,298 | 1,022,045 | (31,747) |
| Expenditures | | | | |
| Instruction | 435,984 | 370,874 | 375,320 | (4,446) |
| Student Support Services | 12,114 | 9,904 | 14,350 | (4,446) |
| Instructional Support Services | 25,552 | 21,433 | 21,300 | 133 |
| General Administration | 62,469 | 75,080 | 72,900 | 2,180 |
| School Administration | 60,385 | 66,790 | 67,900 | (1,110) |
| Operations and Maintenance | 65,902 | 81,782 | 72,292 | 9,490 |
| Transportation | 49,687 | 51,446 | 46,583 | 4,863 |
| Other Support Services | 35,903 | 34,190 | 35,950 | (1,760) |
| Transfers Out | 251,837 | 323,903 | 317,812 | 6,091 |
| Adjustment to Comply With Legal Max | - | - | (2,362) | 2,362 |
| Legal General Fund Budget | 999,833 | 1,035,402 | 1,022,045 | 13,357 |
| (a) Adjustment for Qualifying Budget Credit | - | - | 13,357 | (13,357) |
| Total Expenditures | 999,833 | 1,035,402 | 1,035,402 | - |
| Cash Receipts Over (Under) Expenditures | (2,427) | (45,104) | | |
| Unencumbered Cash - Beginning | (48,381) | (50,808) | | |
| Unencumbered Cash - Ending | \$ (50,808) | (95,912) | | |
| (a) Adjustment for Qualifying Budget Credit | | | | |
| Miscellaneous Reimbursements Over Amount Budgeted | | | \$ 13,357 | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|-----------------|----------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Tax | \$ 265,399 | 177,827 | 129,128 | 48,699 |
| Delinquent Tax | 3,015 | 1,517 | 3,739 | (2,222) |
| Motor Vehicle Tax | 20,468 | 22,938 | 20,919 | 2,019 |
| Recreational Vehicle Tax | 181 | 255 | 232 | 23 |
| Intergovernmental Revenue | | | | |
| Equalization Aid | - | 7,723 | 8,238 | (515) |
| Total Cash Receipts | 289,063 | 210,260 | 162,256 | 48,004 |
| Expenditures | | | | |
| Instruction | 35,479 | 35,741 | 51,196 | (15,455) |
| Instructional Support Staff | 1,011 | 357 | 1,800 | (1,443) |
| Student Support Services | 840 | 1,189 | 6,000 | (4,811) |
| General Administration | 2,425 | 3,430 | 4,000 | (570) |
| School Administration | 6,404 | 6,083 | 10,750 | (4,667) |
| Operations and Maintenance | 80,084 | 84,200 | 110,700 | (26,500) |
| Other Support Services | 1,065 | 4,618 | 2,400 | 2,218 |
| Transfers Out | 131,000 | 137,000 | 141,137 | (4,137) |
| Total Expenditures | 258,308 | 272,618 | 327,983 | (55,365) |
| Cash Receipts Over (Under) Expenditures | 30,755 | (62,358) | | |
| Unencumbered Cash - Beginning | 134,963 | 165,727 | | |
| Prior Year Cancelled Encumbrances | 9 | 24 | | |
| Unencumbered Cash - Ending | \$ 165,727 | 103,393 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
At Risk Fund (K-12)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|--------------|---------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Transfers In | \$ 191,000 | 266,711 | 263,556 | 3,155 |
| Interest | - | 3,929 | - | 3,929 |
| Total Cash Receipts | 191,000 | 270,640 | 263,556 | 7,084 |
| Expenditures | | | | |
| Instruction | 175,460 | 262,900 | 275,000 | (12,100) |
| Cash Receipts Over (Under) Expenditures | 15,540 | 7,740 | | |
| Unencumbered Cash - Beginning | 46,028 | 61,568 | | |
| Unencumbered Cash - Ending | \$ 61,568 | 69,308 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Bilingual Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

| | Current Year | | Variance Over (Under) |
|--|--------------|--------|-----------------------------|
| | Actual | Budget | |
| Cash Receipts | | | |
| Transfers In | \$ 4,271 | 5,000 | (729) |
| Expenditures | | | |
| Instruction | 4,271 | 5,000 | (729) |
| Cash Receipts Over (Under) Expenditures | - | | |
| Unencumbered Cash - Beginning | - | | |
| Unencumbered Cash - Ending | \$ - | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|----------------|----------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Tax | \$ 51,185 | 47,107 | 45,553 | 1,554 |
| Delinquent Tax | 913 | 291 | 704 | (413) |
| Motor Vehicle Tax | 5,108 | 5,020 | 4,577 | 443 |
| Recreational Vehicle Tax | 45 | 67 | 51 | 16 |
| Reimbursed Expenses | 2,243 | 29,856 | - | 29,856 |
| Sale of Equipment | - | 150 | - | 150 |
| Other Local Revenue | 100 | - | - | - |
| Total Cash Receipts | 59,594 | 82,491 | 50,885 | 31,606 |
| Expenditures | | | | |
| Instruction | 10,718 | 5,215 | 15,996 | (10,781) |
| Instructional Support Staff | - | - | 4,000 | (4,000) |
| School Administration | - | - | 10,000 | (10,000) |
| Operations and Maintenance | 33,820 | 11,729 | 5,000 | 6,729 |
| Transportation | - | - | 100,000 | (100,000) |
| Facility Acquisition and Construction | - | 64,197 | 120,000 | (55,803) |
| Total Expenditures | 44,538 | 81,141 | 254,996 | (173,855) |
| Cash Receipts Over (Under) Expenditures | 15,056 | 1,350 | | |
| Unencumbered Cash - Beginning | 189,520 | 204,576 | | |
| Unencumbered Cash - Ending | \$ 204,576 | 205,926 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|---------------|--------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Intergovernmental Revenue | | | | |
| State Aid | \$ 600 | 814 | 840 | (26) |
| Miscellaneous | 900 | - | - | - |
| Transfers In | 10,000 | - | 5,000 | (5,000) |
| Total Cash Receipts | <u>11,500</u> | <u>814</u> | <u>5,840</u> | <u>(5,026)</u> |
| Expenditures | | | | |
| Instruction | 2,923 | 2,395 | 7,750 | (5,355) |
| School Administration | - | - | 1,000 | (1,000) |
| Vehicle Operations and Maintenance | 180 | 128 | - | 128 |
| Total Expenditures | <u>3,103</u> | <u>2,523</u> | <u>8,750</u> | <u>(6,227)</u> |
| Cash Receipts Over (Under) Expenditures | 8,397 | (1,709) | | |
| Unencumbered Cash - Beginning | <u>5,919</u> | <u>14,316</u> | | |
| Unencumbered Cash - Ending | \$ <u>14,316</u> | <u>12,607</u> | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|--------------|--------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Intergovernmental Revenues | | | | |
| State Aid | \$ 536 | 454 | 388 | 66 |
| Federal Aid | 23,315 | 27,578 | 21,474 | 6,104 |
| Charges for Services | 24,036 | 20,821 | 20,241 | 580 |
| Transfers In | 11,000 | 13,800 | 20,000 | (6,200) |
| Total Cash Receipts | 58,887 | 62,653 | 62,103 | 550 |
| Expenditures | | | | |
| Food Service Operation | 60,422 | 61,075 | 80,883 | (19,808) |
| Cash Receipts Over (Under) Expenditures | (1,535) | 1,578 | | |
| Unencumbered Cash - Beginning | 20,315 | 18,780 | | |
| Unencumbered Cash - Ending | \$ 18,780 | 20,358 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Professional Development Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|--------------|--------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Transfers In | \$ 5,000 | - | 5,000 | (5,000) |
| Expenditures | | | | |
| Instructional Support Services | 2,124 | 2,328 | 18,426 | (16,098) |
| Cash Receipts Over (Under) Expenditures | 2,876 | (2,328) | | |
| Unencumbered Cash - Beginning | 10,549 | 13,425 | | |
| Unencumbered Cash - Ending | \$ 13,425 | 11,097 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Special Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|--------------|---------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Reimbursed Expenses | \$ 4,510 | 9,180 | 3,500 | 5,680 |
| Interest Income | 7,177 | - | - | - |
| Transfers In | 160,837 | 176,121 | 158,544 | 17,577 |
| Total Cash Receipts | 172,524 | 185,301 | 162,044 | 23,257 |
| Expenditures | | | | |
| Instruction | 149,240 | 155,611 | 278,638 | (123,027) |
| Cash Receipts Over (Under) Expenditures | 23,284 | 29,690 | | |
| Unencumbered Cash - Beginning | 93,300 | 116,594 | | |
| Prior Year Cancelled Encumbrances | 10 | - | | |
| Unencumbered Cash - Ending | \$ 116,594 | 146,284 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|--------------|--------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Intergovernmental Revenue | | | | |
| State Aid | \$ 45,644 | 40,240 | 53,175 | (12,935) |
| Expenditures | | | | |
| Instruction | 33,504 | 29,993 | 35,577 | (5,584) |
| Student Support Services | - | - | 1,598 | (1,598) |
| Instructional Support Services | 455 | 349 | 1,000 | (651) |
| General Administration | 2,712 | 2,170 | 3,000 | (830) |
| School Administration | 3,515 | 2,770 | 4,000 | (1,230) |
| Other Supplemental Services | 166 | - | 1,500 | (1,500) |
| Operations and Maintenance | 2,415 | 2,475 | 3,000 | (525) |
| Student Transportation Services | 1,177 | 1,086 | 1,500 | (414) |
| Food Service | 1,700 | 1,397 | 2,000 | (603) |
| Total Expenditures | 45,644 | 40,240 | 53,175 | (12,935) |
| Cash Receipts Over (Under) Expenditures | - | - | | |
| Unencumbered Cash - Beginning | - | - | | |
| Unencumbered Cash - Ending | \$ - | - | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | \$ - | - |
| Expenditures | - | - |
| Cash Receipts Over (Under) Expenditures | - | - |
| Unencumbered Cash - Beginning | 109,384 | 109,384 |
| Unencumbered Cash - Ending | \$ 109,384 | 109,384 |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Student Materials Revolving Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Student Fees | \$ 2,281 | 3,061 |
| Transfers In | 5,000 | - |
| Total Cash Receipts | 7,281 | 3,061 |
| Expenditures | | |
| Student Support Services | 4,117 | 2,145 |
| Cash Receipts Over (Under) Expenditures | 3,164 | 916 |
| Unencumbered Cash - Beginning | 11,894 | 15,058 |
| Unencumbered Cash - Ending | \$ 15,058 | 15,974 |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Recreation Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|--------------|--------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Tax | \$ 10,267 | 9,449 | 9,113 | 336 |
| Delinquent Tax | 203 | 59 | 141 | (82) |
| Motor Vehicle Tax | 1,032 | 981 | 929 | 52 |
| Recreational Vehicle Tax | 9 | 85 | 10 | 75 |
| Total Cash Receipts | 11,511 | 10,574 | 10,193 | 381 |
| Expenditures | | | | |
| Appropriations to Recreation Committee | 9,473 | 10,000 | 10,000 | - |
| Cash Receipts Over (Under) Expenditures | 2,038 | 574 | | |
| Unencumbered Cash - Beginning | 3,254 | 5,292 | | |
| Unencumbered Cash - Ending | \$ 5,292 | 5,866 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Title I Low Income Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Intergovernmental Revenue | | |
| Federal Aid | \$ 23,370 | 14,315 |
| Expenditures | | |
| Instruction | 23,370 | 14,315 |
| Cash Receipts Over (Under) Expenditures | - | - |
| Unencumbered Cash - Beginning | - | - |
| Unencumbered Cash - Ending | \$ - | - |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Title IV Drug Free Schools Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Intergovernmental Revenue | | |
| Federal Aid | \$ 301 | - |
| Expenditures | | |
| Instruction | 301 | - |
| Cash Receipts Over (Under) Expenditures | - | - |
| Unencumbered Cash - Beginning | - | - |
| Unencumbered Cash - Ending | \$ - | - |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Title II Education Technology Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Intergovernmental Revenue | | |
| Federal Aid | \$ 434 | 48 |
| Expenditures | | |
| Instruction | 434 | 48 |
| Cash Receipts Over (Under) Expenditures | - | - |
| Unencumbered Cash - Beginning | - | - |
| Unencumbered Cash - Ending | \$ - | - |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Improving Teacher Quality Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Intergovernmental Revenue | | |
| Federal Aid | \$ 5,092 | 4,858 |
| Expenditures | | |
| Instruction | 5,092 | 4,858 |
| Cash Receipts Over (Under) Expenditures | - | - |
| Unencumbered Cash - Beginning | - | - |
| Unencumbered Cash - Ending | \$ - | - |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
REAP Grant Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Intergovernmental Revenue | | |
| Federal Aid | \$ 10,371 | 23,362 |
| Expenditures | | |
| Instruction | 9,876 | 23,362 |
| Cash Receipts Over (Under) Expenditures | 495 | - |
| Unencumbered Cash - Beginning | (495) | - |
| Unencumbered Cash - Ending | \$ - | - |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Gift and Grants Fund
 Summary of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|---------------|---------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Donations | \$ 10,000 | 10,932 | - | 10,932 |
| Expenditures | | | | |
| Instruction | 7,439 | 9,953 | 17,200 | (7,247) |
| Operation and Maintenance | - | - | 2,323 | (2,323) |
| Total Expenditures | 7,439 | 9,953 | 19,523 | (9,570) |
| Cash Receipts Over (Under) Expenditures | 2,561 | 979 | | |
| Unencumbered Cash - Beginning | 16,962 | 19,523 | | |
| Unencumbered Cash - Ending | \$ 19,523 | 20,502 | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Brewster Recreation Commission
 Summary of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|---------------|---------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Appropriations | \$ 9,473 | 10,000 | 9,554 | 446 |
| Fees | 293 | 1,100 | 300 | 800 |
| Interest | 100 | 60 | 100 | (40) |
| Total Cash Receipts | <u>9,866</u> | <u>11,160</u> | <u>9,954</u> | <u>1,206</u> |
| Expenditures | | | | |
| Salaries/Employee Benefits | 1,322 | 972 | 1,800 | (828) |
| Improvements and Equipment | 701 | 12,763 | 800 | 11,963 |
| Transportation | 53 | 71 | 60 | 11 |
| Utilities | 555 | 603 | 650 | (47) |
| Maintenance | - | - | 40,770 | (40,770) |
| Insurance | 265 | 250 | 300 | (50) |
| Tournament Fees | 840 | 2,405 | 1,200 | 1,205 |
| Miscellaneous | 43 | 251 | - | 251 |
| Total Expenditures | <u>3,779</u> | <u>17,315</u> | <u>45,580</u> | <u>(28,265)</u> |
| Cash Receipts Over (Under) Expenditures | 6,087 | (6,155) | | |
| Unencumbered Cash - Beginning | <u>29,539</u> | <u>35,626</u> | | |
| Unencumbered Cash - Ending | <u>\$ 35,626</u> | <u>29,471</u> | | |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2011

| Funds | Beginning Cash Balance | Cash Receipts | Cash Disbursements | Ending Cash Balance |
|---------------------------------|------------------------------|------------------|-----------------------|---------------------------|
| High School | | | | |
| Class of 2009 | \$ 46 | - | - | 46 |
| Class of 2010 | 63 | - | - | 63 |
| Class of 2011 | 14,038 | 2,252 | 14,214 | 2,076 |
| Class of 2012 | 382 | 10,533 | 7,118 | 3,797 |
| Class of 2013 | 1,149 | 2,487 | 935 | 2,701 |
| Class of 2014 | 94 | 2,534 | 1,046 | 1,582 |
| Art | 44 | 1,340 | 1,177 | 207 |
| Physics Class | 172 | - | - | 172 |
| Electric Car | 23 | - | - | 23 |
| Sr. High Pep Club | 1,107 | 1,836 | 2,044 | 899 |
| Student Council | 977 | 3,532 | 3,036 | 1,473 |
| Sr. High National Honor Society | 183 | 9 | 41 | 151 |
| Annual | 295 | 5,812 | 2,532 | 3,575 |
| Band | 512 | 22 | 301 | 233 |
| Vocal | 49 | - | - | 49 |
| SADD | 426 | - | 112 | 314 |
| Library Club | 194 | 1,156 | 1,301 | 49 |
| Academic Team | 774 | 726 | 911 | 589 |
| Sales Tax | - | 2,944 | 2,944 | - |
| Total High School | 20,528 | 35,183 | 37,712 | 17,999 |
| Grade School | | | | |
| Class of 2015 | - | 52 | - | 52 |
| Class of 2016 | - | 90 | - | 90 |
| Accelerated Reader | 680 | 2,377 | 1,635 | 1,422 |
| Jr. High Pep Club | 138 | - | - | 138 |
| Total Grade School | 818 | 2,519 | 1,635 | 1,702 |
| Total | \$ 21,346 | 37,702 | 39,347 | 19,701 |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
 District Activity Funds
 Statement of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended June 30, 2011

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|---|---|---|------------------|--------------|--|---|------------------------|
| | | | | | | | |
| Gate Receipts High School Athletics | \$ 13,831 | - | 22,974 | 21,690 | 15,115 | - | 15,115 |

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 314 Brewster, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. These financial statements present the District (primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational or financial relationships with the District.

The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District.

Brewster Recreation Commission

Brewster Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2011.

Governmental Fund Categories

General Fund – to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

District Activity Funds – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Fiduciary Fund Category

Agency Funds – to account for assets held by the District as trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund and special revenue funds (unless specifically exempted by statute). Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were three budget amendments for this year for the General Fund, At Risk Fund (K-12), and KPERS Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, Student Materials Revolving Fund, Title I Low Income Fund, Title IV Drug Free Schools Fund, Title II Educational Technology Fund, Improving Teacher Quality Fund, and REAP Grant Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$670,708 and the bank balance was \$762,334. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$220,106 was covered by federal depository insurance and \$542,228 was collateralized with securities held by pledging financial institutions' agents in the District's name.

At June 30, 2010, the Brewster Recreation Commission's carrying amount of deposits was \$29,471 and the bank balance was \$31,644. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2011.

Compensated Absences

Leave

All certified employees are entitled to 80 hours of leave per year. Employees are entitled to use leave for their own personal illness or personal use. Any unused leave shall be allowed to accumulate for a total of 360 hours. If the employee leaves the employment of the District for any reason, the District will compensate the employee at a rate of \$6.25 an hour for completion of the contracted days in the paycheck following the June board meeting.

Sick Leave and Personal Leave

Classified full-time employees will be credited with 72 hours of paid sick leave per year. Unused leave will be accumulated to a maximum of 360 hours. If the employee leaves the employment of the District for any reason, the District will compensate the employee at a rate of \$3.75 an hour for unused sick leave, up to a maximum of 360 hours, at the completion of the contracted days, in the paycheck following the June board meeting.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Paid personal leave is limited to 24 hours for nine-month employees and 32 hours for twelve-month employees per fiscal year. Classified staff are not compensated for unused personal leave.

The Brewster Recreation Commission does not have a compensated absence policy.

The potential liability for accumulated sick leave, personal leave and leave is shown on the schedule of long-term debt.

Deferred Compensation Plan

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll and 16.48% for non-licensed KPERS retirees and 20.48% for licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were \$53,670, \$45,643, and \$50,868, respectively.

The Brewster Recreation Commission does not participate in KPERS.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the District for special purposes.

Reimbursements

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 314 Brewster, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2011 were as follows:

| <u>From</u> | <u>To</u> | <u>Statutory Authority</u> | <u>Amount</u> |
|---------------------------|------------------------|--------------------------------|---------------|
| General Fund | Special Education Fund | K.S.A. 72-6428 | \$ 111,121 |
| General Fund | At Risk Fund (K-12) | K.S.A. 72-6428 | 194,711 |
| General Fund | Bilingual Fund | K.S.A. 72-6428 | 4,271 |
| General Fund | Food Service Fund | K.S.A. 72-6428 | 13,800 |
| Supplemental General Fund | Special Education Fund | K.S.A. 72-6433 | 65,000 |
| Supplemental General Fund | At Risk Fund (K-12) | K.S.A. 72-6433 | 72,000 |

NOTE 3 – LITIGATION

Unified School District No. 314 Brewster, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 314 Brewster, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 4 – RISK MANAGEMENT (continued)

Brewster Recreation Commission carries commercial insurance risks of loss, including general liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 314 Brewster, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 314 Brewster, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2011, were as follows:

| <u>Issue</u> | <u>Balance Beginning of Year</u> | <u>Net Change</u> | <u>Balance End of Year</u> |
|-------------------------|--|-----------------------|------------------------------------|
| Compensated Absences | \$ 18,083 | 285 | 18,368 |

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 8 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2011

| | <u>Statutory Transactions</u> | <u>Budget</u> | <u>Variance Over (Under)</u> |
|---|-----------------------------------|-------------------------|--------------------------------------|
| Statutory Revenues | | | |
| Taxes and Shared Revenues | | | |
| Ad Valorem Tax | \$ 176,678 | 170,414 | 6,264 |
| Delinquent Tax | 1,143 | 2,639 | (1,496) |
| Intergovernmental Revenue | | | |
| Mineral Severance Tax | 1,100 | - | 1,100 |
| Equalization Aid | 683,007 | 719,995 | (36,988) |
| Special Ed Aid | 111,121 | 111,182 | (61) |
| Federal Aid | 31,194 | - | 31,194 |
| Federal Aid - ARRA | 17,815 | 17,815 | - |
| Miscellaneous | <u>13,357</u> | <u>-</u> | <u>13,357</u> |
| Total Statutory Revenues | <u>1,035,415</u> | <u>1,022,045</u> | <u>13,370</u> |
| Expenditures | | | |
| Instruction | 370,874 | 375,320 | (4,446) |
| Student Support Services | 9,904 | 14,350 | (4,446) |
| Instructional Support Services | 21,433 | 21,300 | 133 |
| General Administration | 75,080 | 72,900 | 2,180 |
| School Administration | 66,790 | 67,900 | (1,110) |
| Operations and Maintenance | 81,782 | 72,292 | 9,490 |
| Transportation | 51,446 | 46,583 | 4,863 |
| Other Support Services | 34,190 | 35,950 | (1,760) |
| Transfers Out | 323,903 | 317,812 | 6,091 |
| Adjustment to Comply With Legal Max | - | (2,362) | 2,362 |
| Legal General Fund Budget | <u>1,035,402</u> | <u>1,022,045</u> | <u>13,357</u> |
| (a) Adjustment for Qualifying Budget Credit | <u>-</u> | <u>13,357</u> | <u>(13,357)</u> |
| Total Expenditures and Legal General Fund Budget | <u>1,035,402</u> | <u>1,035,402</u> | <u>-</u> |
| Statutory Revenues Over (Under) Expenditures | 13 | | |
| Modified Unencumbered Cash - Beginning | <u>-</u> | | |
| Modified Unencumbered Cash - Ending | <u><u>\$ 13</u></u> | | |
| (a) Adjustment for Qualifying Budget Credit | | | |
| Miscellaneous Reimbursements Over Amount Budgeted | | \$ 13,357 | |

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes the Financial Statements

June 30, 2011

NOTE 8 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Supplemental General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2011

| | <u>Statutory Transactions</u> | <u>Budget</u> | <u>Variance Over (Under)</u> |
|---|-----------------------------------|----------------|--------------------------------------|
| Statutory Revenues | | | |
| Taxes and Shared Revenues | | | |
| Ad Valorem Tax | \$ 177,827 | 129,128 | 48,699 |
| Delinquent Tax | 1,517 | 3,739 | (2,222) |
| Motor Vehicle Tax | 22,938 | 20,919 | 2,019 |
| Recreational Vehicle Tax | 255 | 232 | 23 |
| Intergovernmental Revenue | | | |
| Equalization Aid | 8,211 | 8,238 | (27) |
| Total Statutory Revenues | <u>210,748</u> | <u>162,256</u> | <u>48,492</u> |
| Expenditures | | | |
| Instruction | 35,741 | 51,196 | (15,455) |
| Instructional Support Staff | 357 | 1,800 | (1,443) |
| Student Support Services | 1,189 | 6,000 | (4,811) |
| General Administration | 3,430 | 4,000 | (570) |
| School Administration | 6,083 | 10,750 | (4,667) |
| Operations and Maintenance | 84,200 | 110,700 | (26,500) |
| Other Support Services | 4,618 | 2,400 | 2,218 |
| Transfers Out | 137,000 | 141,137 | (4,137) |
| Total Expenditures | <u>272,618</u> | <u>327,983</u> | <u>(55,365)</u> |
| Statutory Revenues Over (Under) Expenditures | (61,870) | | |
| Modified Unencumbered Cash - Beginning | 165,727 | | |
| Prior Year Cancelled Encumbrances | <u>24</u> | | |
| Modified Unencumbered Cash - Ending | \$ <u>103,881</u> | | |